

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-3
OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 4**

The United States Postal Service hereby files the following institutional responses to Questions 1-3, submitted as part of Presiding Officer's Information Request No. 4, dated February 21, 2012:

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 4

1. Please provide the source data and an explanation of the development of the figures in the column "2010 Volume" by operation in LR-USPS-N2012-1/13 file "USPS.LR.N2012.1.13" tab "FY2010 Workload." If the raw data were modified, please provide the spreadsheet or other program(s) used to produce the figures.

RESPONSE:

FY2010 MODS data from EDW were rolled up by operational category, based on groupings of operation numbers. Upon review of the Operation Number Mapping, adjustments were made; these refinements were included in column G. The original data were placed in column J to allow validation that the mappings were correct. Library reference USPS-LR-N2012-1/66 includes the MS Access database that generated the data. (POIR No4 Q1.mdb).

The database has five components:

Tables:

- (1) MODSFacilities, - List of MODS facilities
- (2) MODSFY2010_by_FAC_OP – List of MODS facilities and their FY2010 workload by Operation Number
- (3) OPERATION tables – Operation Number mapped to shape-process category

Queries:

- (1) Workload Summary - Just Volume - merges 3 tables together and sums volume to shape-process category by MODS site.
- (2) Workload Hours Matrix – Work Hours by MODS facility

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2. LR-USPS-N2012-1/15 file "15_LogicNet Model.xls" contains the inputs for a LogicNet Project.
 - a. Please confirm that the tab "PlantDetails" contains 476 processing facilities.
 - i. Please confirm that in column F, "Active," 125 facilities have a value of "False."
 - ii. Please confirm that facilities with a column F value of "False" cannot be chosen as production sites by a Logic Net optimization.
 - iii. Please discuss why these 125 facilities were not functionally included in the model.
 - b. Please confirm that the Logic Net model provided in "15_LogicNet Model.xls" models the outbound transportation links between SCFs and 3-digit customer centroids.
 - c. Did the Postal Service attempt to model both inbound and outbound transportation links between 3-digit customer centroids and processing facilities?
 - i. If so, please provide the workpapers or Logic Net projects developed to model these links.
 - ii. Please discuss the relative merits of a model with one transportation leg (outbound) compared to one with two legs (outbound and inbound).
 - d. Did the Postal Service attempt to model inbound and outbound transportation links between processing facilities?
 - i. If so, please provide the workpapers or Logic Net projects developed to model these links.
 - ii. Please discuss the relative merits of a model with one transportation leg (outbound) compared to one with two legs (outbound and inbound).
 - e. Did the Postal Service attempt to model inbound and outbound transportation links between processing facilities and the NDC network?
 - i. If so, please provide the workpapers or Logic Net projects developed to model these links.
 - ii. Please discuss the relative merits of a model with one transportation leg (outbound) compared to one with two legs (outbound and inbound).
 - f. Did the Postal Service develop a sensitivity analysis to evaluate the importance of the cost inputs used in the Logic Net Model, such as the RT production cost and operating cost by facility? If so, please provide and explain the findings of the analysis, and provide the workpapers developed to support it.

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RESPONSE:

- a. Confirmed.
 - i. Confirmed.
 - ii. Confirmed.
 - iii. Please see response to APWU/USPS-T3-20.
- b. Confirmed.
- c. No.
 - i. Not applicable.
 - ii. This model initiative was a decision support tool, not a decision making tool. It served as a starting point for discussion. In general, this modeling standardized mail flows such that a ZIP Code has the same origin and destination processing site by shape. With this assumption, separate modeling of inbound and outbound has less of an impact. Since increasing the complexity of the model increases run-time, we concluded that the additional computation time for separate modeling was unnecessary. Notwithstanding the modeling, the AMP process still controls a facility specific decision whether to consolidate operations.
- d. No.
 - i. Not applicable.
 - ii. Increasing the complexity of a model increases its run time. Given that results of the modeling were the starting point for discussion, rather than outcome determinative in and of themselves, separating analyses of inbound from outbound were not deemed essential. *See also*, the response to part (c)(ii), *supra*.

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- e. No.
 - i. Not applicable.
 - ii. The NDC network was outside the scope of this modeling effort.
- f. No.

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3. LR-USPS-N2012-1/14 file "14_Mail Processing Window Scoring Tool.xls" tab "Baseline Costs" contains square footage, operating hours, operating costs, overhead hours, and overhead costs for facilities with MODS Workhours.
- a. Please confirm that these data were used as inputs for LR-USPS-N2012-1/46.
 - b. Please confirm that the sum of Column AI "Overhead Hours" is 181,369,244. If not, please explain.
 - c. Please confirm that the sum of Column AJ "Operation Hours" is 104,472,615. If not, please explain.
 - d. In FY 2010, at the processing facilities with MODS workhours, did overhead hours constitute 63.45 percent of total hours $(181,369,244/(181,369,244+104,472,615))$?
 - e. Please provide the source data and an explanation of the development of the information in the tab "Baseline costs." If the raw data were modified, please provide the spreadsheet or other program(s) used to produce the figures.

RESPONSE:

- a. Not confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Based on the subset of data identified by the question, the quotient is 63.45 percent.
- e. The cost data are from PSFR and included in library reference USPS-LR-N2012-1/36. The work hours data are derived from data in the Access database supplied in response to question one from POIR No. 4, USPS-LR-N2012-1/66 , (POIR No4 Q1.mdb), query entitled "Workload Hours Matrix."